



Memorandum

Date: 04.15.11 **RE:** Plans and Programs Committee
April 19, 2011

To: Plans and Programs Commissioners Campos (Chair), Chu (Vice Chair), Avalos, Chiu, Wiener and Mirkarimi (Ex Officio)

From: Tilly Chang – Deputy Director for Planning *Tilly*
Maria Lombardo – Chief Deputy Director for Policy and Programming *Mel*

Through: José Luis Moscovich – Executive Director *José Luis*

Subject: **INFORMATION** – Update on Initial Vision Scenario of the Bay Area’s Sustainable Communities Strategy

Summary

The Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) are developing the Bay Area’s first Sustainable Communities Strategy (SCS) an integrated transportation, housing, and land use plan that will form the basis for the 2013 Regional Transportation Plan (RTP) and Regional Housing Needs Allocation process. In March 2011, MTC and ABAG released the Initial Vision Scenario (IVS) for the RTP/SCS, which responds to requirements that the SCS must identify a strategy to accommodate the region’s entire housing need by income level. In April and May, MTC and ABAG will seek input from San Francisco stakeholders. This input will be used to develop multiple Alternative Scenarios (varying transportation and land use assumptions) that will build on the IVS. While the IVS does not assume any funding constraints and represents an aspirational goal for how the region would ideally develop, the Alternative Scenarios must be financially constrained as required by Federal air quality conformity rules. Refinement of the Alternative Scenarios will lead to the selection of a preferred RTP/SCS scenario in late 2011. We have been leading coordination among City agencies to develop a unified set of San Francisco messages about the IVS. Our initial staff reaction to the IVS, informed by input from other San Francisco agency staff, is detailed in this memorandum. Two of the key messages include: 1) the amount of growth targeted for San Francisco, while consistent with San Francisco’s own vision, should not be taken for granted and will require significant policy and funding support from the region to achieve; and 2) development of the Alternative Scenarios should be accompanied by an accelerated discussion of regional discretionary transportation policy to clarify the link between regional transportation and land use policy and provide incentives for achieving SCS housing and carbon reduction goals. **This is an information item. We are seeking input and guidance from the Committee.**

BACKGROUND

The Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) are developing the Bay Area’s first Sustainable Communities Strategy (SCS) an integrated transportation, housing, and land use plan that will form the basis for the 2013 Regional Transportation Plan (RTP) and Regional Housing Needs Allocation (RHNA) process. The SCS is required by Senate Bill 375 (Steinberg) which became law in 2008 and must meet two basic requirements: 1) achieve a greenhouse gas emission reduction target set by the California Air Resources Board by reducing vehicle travel and 2) identify a strategy to house the region’s entire housing need by income level. The SCS has the potential to transform the distribution of funding in the RTP (total funding in the 2009 plan was \$218 billion over 25 years), as well as develop new policies and incentives to support the implementation of RTP/SCS goals including the realization of Priority Development Areas (PDAs) in San Francisco.

As congestion management agency (CMA) for San Francisco, the Authority is leading the coordination of San Francisco's input into the process. We briefed the Authority's Plans and Programs Committee and Citizens Advisory Committee on the SCS process in January, February, and March of 2011, and presented jointly with Planning Department staff to the Planning Commission in February 2011. Chair Mirkarimi also hosted two Leadership Roundtable events with San Francisco elected officials, department directors and regional agency staff in September and December of 2010.

To date, our comments to the region in various forums have outlined what it will take to realize San Francisco's growth plans, emphasizing the critical need for discretionary regional funding to support jurisdictions such as San Francisco that are already planning for growth and developing sustainable and cost-effective projects. For example, in Winter 2010, San Francisco conveyed to MTC/ABAG in a letter dated December 20, 2010 (see Attachment 1: San Francisco Initial Vision Scenario Input Letter) the City's plans to accommodate 63,000 housing units within Priority Development Areas (PDAs) and the potential for an additional 17,000 housing units to be accommodated at smaller infill sites along transit corridors throughout the city, but emphasized that achieving these goals would require strong regional support and policy incentives.

DISCUSSION

Last month, MTC and ABAG released the Initial Vision Scenario (IVS) as a starting point for the development of the SCS. The IVS responds to the SB 375 requirement that the SCS house the region's entire housing need by income level. As such, ABAG has developed a housing target of 270,000 more housing units by 2035, over and above the 634,000 new housing units forecast by 2035 as a part of current regional plans. The housing target represents the increase in Bay Area housing supply that would be necessary to provide housing units for: 1) workers who would otherwise in-commute from neighboring regions, and 2) multiple households which would otherwise share one housing unit. We are working with regional staff to review key demographic assumptions that may reduce the needed housing units.

On March 11, 2011, MTC and ABAG released the IVS (see Attachment 2: Plan Bay Area: Initial Vision Scenario for Public Discussion), which distributes 903,000 units of housing and 1.2 million jobs throughout the region to PDAs and other growth areas, called Growth Opportunity Areas (GOAs) identified by local jurisdictions. In whole, 70% of new housing units are accommodated in PDAs or GOAs. The IVS does not assume any funding constraints and represents an aspirational goal for how the region would ideally develop.

Table 1, below, shows the amount of housing and job growth assumed in the region and in San Francisco in the IVS, and how these numbers compare to the amount of growth projected in a business-as-usual future, referred to as "current regional plans." While the IVS assumes 90,000 housing units in San Francisco, 17,000 more than what is assumed in current regional plans, the total expected population is consistent with the Planning Department's growth plans over the same period.

The IVS also assumes additional transportation investments to support that growth. Of relevance to San Francisco is more frequent service on Bay Area Rapid Transit (BART), Caltrain, and Muni Metro, as well as additional dedicated bus lanes. These land use and transportation network assumptions were analyzed using MTC's travel demand forecasting tool to estimate the performance of the IVS against performance targets adopted by MTC and ABAG. Performance is mixed among the targets (see Attachment 3: Initial Vision Scenario and Current Regional Plan Performance Target Results). In particular, while an improvement over current regional plans, the IVS does not achieve the greenhouse

gas emission reduction target as set for the Bay Area by the Air Resources Board. MTC and ABAG have indicated that as they create several Alternative Scenarios, one area of focus to improve greenhouse gas reduction performance will be to explore transit-oriented employment distributions throughout the region to address job sprawl and job-housing match.

Table 1: Regional and San Francisco Growth: Current Regional Plans vs. Initial Vision Scenario

	Housing Units		Jobs	
	Region	San Francisco	Region	San Francisco
2010	2,670,000	347,000	3,271,000	545,000
<i>Increase by 2035 – Current Regional Plans</i>	<i>+634,000</i>	<i>+71,000</i>	<i>+1,129,000</i>	<i>+154,000</i>
Total in 2035 – Current Regional Plans	3,304,000	418,000	4,400,000	698,000
<i>Increase by 2035 – Initial Vision Scenario</i>	<i>+903,000</i>	<i>+90,000</i>	<i>+1,222,000</i>	<i>+169,000</i>
Total in 2035 – Initial Vision Scenario	3,572,000	437,000	4,493,000	714,000
<i>IVS change relative to Current Regional Plans 2035</i>	<i>+269,000</i>	<i>+19,000</i>	<i>+93,000</i>	<i>+16,000</i>

San Francisco Response: We have been leading coordination among City agencies to develop a unified set of San Francisco messages about the IVS which will be subsequently discussed at the third Leadership Roundtable meeting with MTC and ABAG staff. These messages include the following:

1. **Level and Quality of Growth.** While San Francisco is supportive of this pioneering and ambitious regional planning effort, the region should not take for granted the significant level of growth that is planned for San Francisco. San Francisco needs a greater share of regional discretionary funding than we have received historically, even to produce the 71,000 households and 154,000 jobs assumed in current regional plans. Our ability to accommodate more growth depends heavily on the support that the region provides through the RTP. Anticipating that regional policymakers will be interested in the quality of growth plans, and not just the quantity, we urge MTC and ABAG to collaboratively complete ABAG’s PDA Assessment work which evaluated the completeness and readiness of PDA growth plans around the region.
2. **Distribution of growth.**
 - **More compact growth.** By accommodating 70% of growth in PDAs or GOAs, the IVS represents a more compact footprint than what is assumed under current regional plans; however, the region should focus on making that footprint even more compact in the Alternative Scenarios. A full 100% of San Francisco’s growth in the IVS is located in PDAs or GOAs. Although a bottoms-up approach was taken during the IVS to identify additional areas for growth, the region should now take a top-down look at areas that have not yet identified GOAs or PDAs, but may still be suitable for growth, with a focus on locating more employment near transit and housing and affordable housing in transit-oriented complete communities.
 - **More income diversity in complete communities.** In comparison to the 2007-2014 RHNA, it appears that the IVS represents a more evenly distributed development pattern within the region (we have requested summary analysis at the local jurisdiction level to confirm this). That is, less of the growth is concentrated in the cities of San Francisco, Oakland, and San Jose. The region should adopt a RHNA Methodology that results in a comparable outcome by prioritizing a housing distribution that results in

increased income diversity among multiple Bay Area place types.

3. **We urge MTC and ABAG to advance the discussion of regional transportation investment policy such as by establishing high-level principles, in order to clarify the link between RTP funding policy and regional land use growth plans and policy.** San Francisco and other jurisdictions can provide a more informed response to MTC and ABAG on how the region should transition from the IVS to the Alternative Scenarios with a better understanding of the policies that will be available to support the local growth plans. Specifically, we would support a regional investment policy for the SCS that includes the following components:
 - **Stronger nexus with system demand**, especially with transit first modes. This policy could be achieved by revisiting formulas that allocate funding based on share of population and/or lane miles; e.g. while San Francisco is only 11% of the region's population, it is 16% of its employment, 14% of overall trip ends, and 61% of its transit trip ends (SF-CHAMP, 2010). This nexus is particularly relevant to how maintenance resources are allocated.
 - **Nexus with growth**, in particular expansion of policies that support areas accommodating growth in PDAs. As indicated by the findings of ABAG's PDA Assessment, "not all PDAs are created equal." As noted above, regional policy needs to consider factors of quality and quantity, such as the overall amount of growth being planned for, how much of that growth is affordable housing, the level of transportation and transit development, and the amount of local public and private funding that supports these investments.
 - **Nexus with affordable housing production** to send a strong message about the relationship between the SCS and the RHNA. This type of policy could be achieved by establishing a funding mechanism that considers a jurisdiction's track record for affordable housing development and preservation, and/or the number of lower income housing units that is planned.
 - **Nexus with performance** to ensure the region is investing cost-effectively. In particular, given the severely limited transportation funding environment, and the challenge of achieving the performance targets for the SCS, it is especially important to scrutinize large capital investments where lower cost capital or management options may be equally or similarly effective.
4. **New Revenue Advocacy.** Finally, we encourage MTC and ABAG to use the RTP/SCS to advocate for new revenue opportunities, as well as advance robust funding strategies, including road user fees. Advocacy for new regional revenues sources should include development of new regional transportation revenue sources to fund transportation needs, in particular to address chronic transit operating and infrastructure State of Good Repair (SOGR) shortfalls (e.g., the San Francisco Municipal Transportation Agency's SOGR needs are estimated at more than \$10 billion). In addition, in order to achieve the SCS goal to accommodate the region's entire housing need, new non-transportation revenue sources are needed to provide non-transportation infrastructure needs such as affordable housing production.

Next Steps: MTC and ABAG are seeking input on the IVS from local jurisdictions, CMAs, transit operators, advocates, members of the public, and other stakeholders in April and May. After the Plans

and Programs Committee meeting, additional San Francisco outreach will include:

- A public workshop, on April 25, 5:30 to 8:30 p.m. at Milton Marks Conference Center, 455 Golden Gate Avenue. This will be a public workshop hosted by MTC and ABAG to get the public's input on regional growth and transportation priorities. A similar workshop is planned in each of the other eight Bay Area counties.
- A third Leadership Roundtable meeting, in early May, with MTC and ABAG staff and San Francisco's representatives that serve on MTC, ABAG, and the Bay Area Air Quality Management District.

MTC and ABAG will use input received at these events to develop Alternative Scenarios (varying both transportation and land use assumptions) that will build on the IVS, between June and August, 2011. In contrast to the IVS, the transportation investments assumed in the Alternative Scenarios must be financially constrained, in response to Federal air quality conformity rules. In addition, the Alternative Scenarios will utilize the findings of the project-level performance assessment being conducted for all projects submitted by CMAs and regional transit plans developed through the Transit Sustainability Project. By fall, the region will hold detailed transportation investment policy discussions, informing the selection of one of the Alternative Scenarios, or a hybrid of two or more scenarios as the Preferred Scenario in late 2011 or early 2012. The Preferred Scenario will then be cleared environmentally and adopted by MTC and ABAG as the SCS in April 2013. We will continue to provide regular updates to the Plans and Programs Committee as development of the RTP/SCS progresses through these milestones.

This is an information item. We are seeking input and guidance from the Committee.

ALTERNATIVES

None. This is an information item.

CAC POSITION

The Citizens Advisory Committee will be briefed on this item at its April 27, 2011 meeting.

FINANCIAL IMPACTS

None. This is an information item.

RECOMMENDATION

None. This is an information item.

Attachments:

1. San Francisco Vision Scenario Input Letter, dated December 17, 2010
2. Plan Bay Area: Initial Vision Scenario for Public Discussion, Report dated March 11, 2011
3. Initial Vision Scenario and Current Regional Plan Performance Target Results